

State of Alaska FY2008 Governor's Operating Budget

Department of Natural Resources Administrative Services Component Budget Summary

Component: Administrative Services

Contribution to Department's Mission

To provide effective and efficient administrative services to departmental employees and programs in order to maximize public service.

Core Services

This component provides administrative policy and management services to the department.

The Administrative Services Component consists of three sections, with staff located in Juneau and in Anchorage. The sections are:

1. Administrative Support
2. Financial Services
3. Revenue and Resource Accounting

The Administrative Support Section:

The Administrative Support Section includes the Director of the Support Services Division. This position provides general management and oversight to the State Recorder's Offices, the Information Resources Management Section, and Administrative Services Sections.

The Administrative Services Group:

Prepares and monitors the operating and capital budgets for the department

- Tracks legislation, keeps bill analysis and fiscal notes current
- Provides legislative testimony on the department's budgets
- Manages office space, contracting services, procurement and control for vehicles, equipment, supplies, and support services such as mail and courier service
- Provides consolidated mailroom services for the Anchorage DNR divisions.

The Financial Services Section:

This section provides centralized financial management and accounting support to the department. The centralized functions include payment of all invoices; program receipts, federal grant and reimbursable service agreements accounting; payroll labor cost distributions; appropriation accounting; and payment of all inter-department billings. Financial Services establishes and implements departmental financial policies and procedures in accordance with laws, statutes, regulations, and Generally Accepted Accounting Principals (GAAP). This Section also provides departmental training in financial policies and procedures, grant accounting and AKSAS.

The Revenue & Resource Accounting Section:

This section is responsible for the revenue accounting for all DNR programs. In FY06 ~ \$1.9 billion in revenues were collected and accurately distributed to over 550 accounts within the DNR revenue structure.

End Results	Strategies to Achieve Results
A: Accurate and timely accounting <u>Target #1:</u> Clean financial audits <u>Measure #1:</u> No audit finding or recommendations	A1: Hire the best qualified candidates for vacant administrative positions <u>Target #1:</u> 100% compliance <u>Measure #1:</u> Percentage of success in recruiting the best qualified candidates for our vacancies.
End Results	Strategies to Achieve Results

B: Prepare and Monitor Budgets meeting Department and Governor's targets <u>Target #1:</u> 100% of our components stay within allocation authorizations <u>Measure #1:</u> Percentage of components staying within allocation authorizations	B1: Maintain a Management Information System that allows for timely and accurate budget tracking <u>Target #1:</u> Prepare 10 monthly Operating and Capital Budget status reports, track grants, contracts, restricted revenue programs and RSAs separately <u>Measure #1:</u> # of reports prepared.
End Results	Strategies to Achieve Results
C: Meet the department's central administrative needs at the lowest possible cost <u>Target #1:</u> Keep the Indirect Cost Rate below 15% of the department's personal services budget <u>Measure #1:</u> % of the DNR Indirect Cost rate - approved by the federal government.	C1: Consolidate space to the maximum level possible <u>Target #1:</u> Look at sharing rural offices between state agencies and combine DNR offices in the larger leases <u>Measure #1:</u> square feet consolidated, or dollars saved in leasing budget

Major Activities to Advance Strategies

<ul style="list-style-type: none"> Budget preparation and monitoring Resource revenue collection and billings Office lease administration Restricted revenue accounting, billing, and collections Accounting structure and report management 	<ul style="list-style-type: none"> Procurement and property management Legislative hearing support and testimony Compliance with statutory, regulatory, administrative, and professional requirements Management and supervision of department administrative support functions
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FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$2,896,200

Personnel:

Full time	31
Part time	1
Total	32

Performance Measure Detail

A: Result - Accurate and timely accounting

Target #1: Clean financial audits

Measure #1: No audit finding or recommendations

audit findings or recommendations

Year	YTD Total
2003	0
2004	0
2005	0
2006	0

There have been no audit findings or recommendations for the past four years - an independent verification that the DNR accounting and financial practices meet all applicable requirements.

Analysis of results and challenges: DNR is audited each year as part of the annual comprehensive financial audit performed by the Alaska Legislative Audit Division.

A1: Strategy - Hire the best qualified candidates for vacant administrative positions**Target #1:**100% compliance**Measure #1:** Percentage of success in recruiting the best qualified candidates for our vacancies.**Percentage of success in hiring best qualified candidate**

Year	YTD Total
2004	100%
2005	100%
2006	100%

Analysis of results and challenges: DNR has been successful in hiring from within the department and in some cases from other departments. An issue is the fact that we do not have qualified applicants from outside the State System apply, which limits the candidate pool. State pay scales are no longer competitive in the open market for the accounting and procurement fields.

B: Result - Prepare and Monitor Budgets meeting Department and Governor's targets**Target #1:**100% of our components stay within allocation authorizations**Measure #1:** Percentage of components staying within allocation authorizations**DNR Components staying with allocation authorizations**

Year	YTD Total
2003	100%
2004	100%
2005	100%
2006	100%

Analysis of results and challenges: 100% compliance each year.

B1: Strategy - Maintain a Management Information System that allows for timely and accurate budget tracking

Target #1:Prepare 10 monthly Operating and Capital Budget status reports, track grants, contracts, restricted revenue programs and RSAs separately

Measure #1: # of reports prepared.**Budget Status reports prepared**

Year	YTD Total
2004	10
2005	10
2006	10

Analysis of results and challenges: 100% compliance. The result was all budgets stayed within their expenditure authorizations. Line-item authorizations were entered timely to reduce rejections. Restrictions were placed on unrealized revenues.

C: Result - Meet the department's central administrative needs at the lowest possible cost

Target #1: Keep the Indirect Cost Rate below 15% of the department's personal services budget

Measure #1: % of the DNR Indirect Cost rate - approved by the federal government.

Indirect Cost Rate

Fiscal Year	YTD Total
FY 1999	16.3%
FY 2000	16.7%
FY 2001	17.7%
FY 2002	16.2%
FY 2003	15.5%
FY 2004	15.7%
FY 2005	13.6%
FY 2006	13.5%

Analysis of results and challenges: The DNR Administrative Services functions vary from other departments as one of the sections included is the Resource Revenue & Accounting Section, which is responsible for all the billing, collecting, and accounting of the more than \$1.0 billion worth of resources revenues. In addition this organization is managing the department's Information Technology Group and the Recording Offices operations.

The transfer of the Habitat Management & Permitting from ADF&G and the Coastal Management Program from the Governor's Office increased the workload but also resulted in a lower Indirect Cost Rate - starting in FY05.

The Wildland Fire Suppression activities may double the number of employees and total general (and federal) fund expenditures during the fire season resulting in unique workload management and staffing requirements. The inclusion of the Wildland Fire Suppression activities may result in temporary changes in the Indirect Cost Rates due to carry forwards.

C1: Strategy - Consolidate space to the maximum level possible

Target #1: Look at sharing rural offices between state agencies and combine DNR offices in the larger leases

Measure #1: square feet consolidated, or dollars saved in leasing budget

Facility Cost saved

Year	YTD Total
2004	\$100,000
2005	\$175,000
2006	\$25,000

Analysis of results and challenges: In FY04 and FY05 we added roughly ~50 additional positions into the Atwood building by consolidating space, and better space utilization - thus avoiding the need to rent ~7,000 additional sq. ft. of office space. This translates into roughly a \$100,000 savings on an annual basis.

In FY06 we worked with Division of Motor Vehicles on a shared services agreement for the Nome Recorder's office.

We are using the state space standards to optimize our leasing budgets. In Juneau we freed up space in FY05 to accommodate the new Central Travel Office contractor, U.S. Travel. We are also scanning and archiving over 7,000 of our historical books in our Recorder's Offices and plan to lease less square feet for each of these offices as our leases are being renewed.

Key Component Challenges**Workforce development:**

Retention and recruitment continue to be a challenge for our department as more and more of our resource-specific

classification's pay scales are falling behind compared to market wages.

The Labor Union Contract negotiations will be very important both for the Administration as well as for our employees. Playing an active role in this process is very important in terms of assuring administration efficiencies and making sure DNR's issues are addressed.

Purchasing:

Increased pressure to improve services to the public through the use of procurement cards, credit cards, and on-line services also increase the administrative workload and the requirement to establish proper checks and balances.

With increased requirements for e-commerce, privatization and outsourcing, more cooperative agreements with industry, and more federal contracts there is increased pressure on our procurement staff.

Staffing levels are continually being evaluated to make sure we can meet program requirements and deliverables.

Indirect Cost Recovery:

The Commissioner's Office and Administrative Services have been dependent on the collection of Indirect Cost recoveries to balance their budgets. In the past several years federal fires in the lower-48 have allowed us to meet our I/A budget requirement. A low fire year in the lower-48 will result in a budget shortfall.

Facilities and space management:

With reorganizations and changing budgets came the requirement to change our space requirements. At the same time DOA implemented and intends to reinforce space standards, and transferred all of the leasing budgets to each agency, all of which add an extra dimension to facilities management as we will fall short each year in meeting the CPI increases. Modifying space to better utilize existing space can and has been done but management has only limited options.

Significant Changes in Results to be Delivered in FY2008

No significant changes in results to be delivered. The volume of work is increasing each year with new programs and funds to be administered. In the event the Gas Pipeline Contract is approved we will be faced with the increase in work from that project.

Major Component Accomplishments in 2006

Coordinated the FY07 preparation, presentation, and justification of DNR's operating and capital budgets in a thorough and timely manner.

Continued the level of procurement support by processing 385 procurement transactions. FY06 transactions resulted in approximately \$16.4 million in awards, \$3.0 million in 22 aircraft related contracts, \$2.7 million in 94 professional services contracts, \$4.27 million in 27 construction contracts, approximately \$700K in 12 MOU's and cooperative agreements and the balance of the transactions - 230 worth approximately \$8.43 million in grants and procurement of routine services, equipment, and materials.

Accurately receipted payments and coordinated the receipting and depositing activities for receipts handled by 75 personnel located in 30 area offices. Accounted for the distribution of \$2.4 billion in revenues to the following funds: General Fund, Land Disposal Income Fund, School Fund, Permanent Fund, and Mental Health Trust.

Audited and maintained approximately 45,000 subsidiary ledgers. Provided quality customer service for over 40,000 lease and sale contracts. Provided on time, accurate reports to the IRS on land sale contracts including a Statement of Account on all payment activity by each contract holder.

Continued the customer focus that resulted in 30,000 invoices, totaling more than \$80 million being paid in an average turnaround of 26 days.

Accurately tracked approximately 150 different federal grant and program receipt sources. Correctly processed over 350 Servicing and Requesting Reimbursable Service Agreements. Maintained the Fire Suppression Account to fully support this critical and complex joint federal and state multi-agency incident based program.

Accurately managed over \$10 million in controlled equipment.

Statutory and Regulatory Authority

AS23, AS38, AS36.30, AS39, and AS43.05

Contact Information
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Administrative Services Component Financial Summary

All dollars shown in thousands

	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	1,811.6	2,077.4	2,516.1
72000 Travel	14.7	11.8	48.6
73000 Services	228.3	91.4	279.3
74000 Commodities	27.7	30.0	48.5
75000 Capital Outlay	0.0	0.0	3.7
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	2,082.3	2,210.6	2,896.2
Funding Sources:			
1004 General Fund Receipts	1,294.3	1,292.3	1,570.2
1007 Inter-Agency Receipts	516.6	697.1	1,104.8
1061 Capital Improvement Project Receipts	132.7	0.0	0.0
1153 State Land Disposal Income Fund	138.7	221.2	221.2
Funding Totals	2,082.3	2,210.6	2,896.2

Estimated Revenue Collections

Description	Master Revenue Account	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
Unrestricted Revenues				
Unrestricted Fund	68515	24.6	0.0	0.0
Unrestricted Total		24.6	0.0	0.0
Restricted Revenues				
Interagency Receipts	51015	516.6	697.1	1,104.8
Capital Improvement Project Receipts	51200	132.7	0.0	0.0
State Land Disposal Income Fund	51434	138.7	221.2	221.2
Restricted Total		788.0	918.3	1,326.0
Total Estimated Revenues		812.6	918.3	1,326.0

**Summary of Component Budget Changes
From FY2007 Management Plan to FY2008 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2007 Management Plan	1,292.3	0.0	918.3	2,210.6
Adjustments which will continue current level of service:				
-Fund Source Adjustment for Exempt Employees Health Insurance Increases	0.1	0.0	-0.1	0.0
-FY 08 Health Insurance Increases for Exempt Employees	0.1	0.0	0.1	0.2
-Fund Source Adjustment for Retirement Systems Increases	122.6	0.0	-122.6	0.0
Proposed budget increases:				
-Lease Monitoring and Engineering Integrity Coordination Support	0.0	0.0	407.7	407.7
-FY 08 Retirement Systems Rate Increases	155.1	0.0	122.6	277.7
FY2008 Governor	1,570.2	0.0	1,326.0	2,896.2

Administrative Services Personal Services Information

Authorized Positions			Personal Services Costs	
	<u>FY2007</u> <u>Management</u> <u>Plan</u>	<u>FY2008</u> <u>Governor</u>		
Full-time	29	31	Annual Salaries	1,454,643
Part-time	1	1	Premium Pay	2,681
Nonpermanent	0	0	Annual Benefits	1,181,610
			<i>Less 4.65% Vacancy Factor</i>	(122,834)
			Lump Sum Premium Pay	0
Totals	30	32	Total Personal Services	2,516,100

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant II	1	0	1	0	2
Accountant III	0	0	1	0	1
Accountant IV	1	0	1	0	2
Accounting Clerk I	0	0	1	0	1
Accounting Clerk II	3	0	3	0	6
Accounting Spvr I	0	0	1	0	1
Accounting Tech I	2	0	1	0	3
Accounting Tech II	2	0	2	0	4
Accounting Tech III	1	0	1	0	2
Administrative Assistant	0	0	1	0	1
Administrative Clerk III	1	0	0	0	1
Administrative Svcs Mgr II	0	0	1	0	1
Division Director	0	0	1	0	1
Mail Svcs Courier	1	0	0	0	1
Procurement Spec I	1	0	0	0	1
Procurement Spec II	2	0	0	0	2
Procurement Spec IV	1	0	0	0	1
Program Budget Analyst IV	0	0	1	0	1
Totals	16	0	16	0	32